

**Submission  
No 6**

## **INQUIRY INTO THE MANAGEMENT OF NSW PUBLIC HOUSING MAINTENANCE CONTRACTS**

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Submission to the

**Public Accounts Committee**

of the

**Legislative Assembly**

of the

**NSW Parliament's**

**Inquiry into the management of  
NSW Public Housing  
Maintenance Contracts**

From Ross Smith



For publication along with the other papers and material arising from the inquiry.

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I have been a Precinct Representative in Waterloo from the turn of the century. The Precinct system has been in operation from the 1970's in the Waterloo Public Housing Estate. It is now part of the Waterloo Neighbourhood Advisory Board.

I was a member of the original Public Housing Customer Council, a statewide 12 member reference body operated by Housing NSW until its demise.

I was a member of its replacement, the Social Housing Tenant Advisory Committee, until its demise due the restructuring of Housing NSW and its incorporation into the newly formed Department of Family and Community Services.

I am a member of the Executive of the Central Sydney Region Sydney Public Tenant Council. The council was one of four in the state of NSW in 1986 when Frank Walker, the Minister for Housing and the Arts, on advice from tenants/PTCs, began the first of many structures for the delivery of Tenant Participation activities in NSW.

Over this period I have seen many forms and models of Maintenance systems. They ranged from Office of Public Works to localised contractors to the Management Contract based system currently in place.

There has been a history of attempts to patch up holes in a flawed system. There have been multiple pilot maintenance projects used as excuses for failure to produce functional outcomes and avoid accountability. The current system bears remarkable similarities to the Federal Taxation Act – a dysfunctional colander being asked to perform as a pot – in that it started as a simple functional thing that spent the ensuing years being modified into an unworkable monster whose administrators wish would disappear, yet the courage to retire it, learn from past experiences, and produce a completely new system is missing.

The Maintenance of Public Housing - Full report April 2001

(<http://www.audit.nsw.gov.au/publications/reports/performance/2001/depthousing/contents.html>)

and the Maintenance of Public Housing March 2005 follow up

([http://www.audit.nsw.gov.au/publications/reports/performance/2005/followup\\_housing/Follow-](http://www.audit.nsw.gov.au/publications/reports/performance/2005/followup_housing/Follow-)

up%20Housing-March2005.pdf) quantified the size of the Maintenance backlog and examined the overall Maintenance system currently in place.

The 2013 Auditor-General's report - Making the best use of public housing – recommended that the Department, by December 2013, complete and release an asset portfolio strategy that delivers housing at an appropriate standard and that the roles, responsibilities and relationship between the NSW Lands and Housing Corporation and Housing NSW, and their accountability towards achieving their objectives, are clearly understood. Whether these recommendations have been implemented is another question. The report also identified that the Department had poor reporting standards and lacked a Strategic Plan. The Auditor-General went on to say “If the current arrangements continue it is likely that public housing will either run down or be sold off. The cost of keeping each dwelling has nearly doubled in the last ten years, from \$15,000 to almost \$27,000 per dwelling. To meet the increasing costs of keeping public housing available the government has sold existing stock to support operating costs and delayed some maintenance expenditure, upgrading and capital building programs.” The report is accessible at <http://www.audit.nsw.gov.au/Publications/Performance-Audit-Reports/2013-Reports/Making-the-best-use-of-public-housing/Making-the-best-use-of-public-housing>

**What has been noticed over the period is that:**

1. the standard of the asset, the buildings, has gone down
2. the quality of the work performed has gone down
3. the monitoring/inspection of work done has decreased under the guise of Cost Effective Risk Management on the part of the Department
4. the system defers work being done when the problem is first notified, leading to deterioration of the asset and the subsequent need for more expensive work to be done
5. the complexity of the maintenance system itself has increased. There is now a Maintenance Contract Manager who buys in maintenance work performance from a string of

- subcontractors, with administrative fees etc being levied at each level, which reduces the amount available for the actual work
6. the process for the tenant to report maintenance issues has become progressively more complex leading to denial of early lower cost preventative work opportunities
  7. the decision to funnel all maintenance requests through an electronic online portal, as opposed to the historic process of receiving maintenance requests over the counter in the local HNSW office, has acted as a barrier to tenants reporting maintenance issues – not all tenants have internet access and the capacity to navigate a fixed options website
  8. the Call Centre model for receiving non-internet maintenance requests is a barrier to tenants attempting to make maintenance requests. Time on hold, especially for mobile phones on prepaid call systems, and staff protocols for receiving and giving information are deterrents to tenants reporting maintenance issues
  9. the Department’s now endemic failure to respond to letters and phone calls from tenants has become an active barrier to tenants reporting maintenance issues to the Department
  10. the increasing divide between Housing NSW, the tenancy manager, and NSW Lands and Housing Corporation, the property owner, is leading to maintenance work not being done in a timely cost effective manner. It is also damaging the tenant/landlord relationship with the resultant denial of the benefits that flow from a functional relationship

**The current system provides:**

1. barriers to tenants reporting maintenance issues leading to asset deterioration - Call Centre/Email focus v face to face in local office
2. a contract system that drives down available funds for work leading to low standard of work being performed
3. a contract management process that has a vested interest in not monitoring subcontractor performance – failure leads to another work order being issued which in turn means more money being received into contract system

4. marginal monitoring by the Department – leading to percentage risk management of quality of work performed by contractors to enhance their income

**The proposed new system that was due to go live towards the end of 2015:**

1. gives control of decision making as to what work will be done, with the attendant opportunity to maximise income to the contractor, not benefit for the property owner
2. gives head contractor control of complaints/feedback system
3. granting of QA implementation to head contractor gives ability to avoid/minimise accountability and thus maximise income
4. does not remove incentive to contractor to maximise return by minimising quality of work done
5. does not remove/minimise existing barriers to tenants attempting to report maintenance issues - still targeted towards internet or phone contacts at expense of face to face at local office with ongoing access barriers such as lengthy queue times – 30 minutes is common
6. still depends on subcontractor usage with attendant administration fees etc being levied at each stage and thus reducing the end amount of money available to pay for the work and raises the issue of value received for money paid
7. does not retain former practice of Housing NSW staff administering individual property portfolios inspecting the common areas of the properties within the portfolio on a weekly basis so as to enable the early identification of maintenance issues with attendant cost benefits
8. communication channels between tenant and landlord are not functioning properly. Tenants are not aware of system and process, especially for follow-ups. Landlord commonly fails to respond to correspondence and phone calls
9. lacks both preferential employment and qualification gaining opportunities for tenants
10. does not provide for a better standard of project management and scoping with attendant reduction in time taken on site for work to be completed and tenant disruption minimised.

11. due to finite period of contract there is no long term incentive for contractor to preserve/maintain quality of asset creating an adverse impact on standard of asset due to maximisation of profit within finite term on the part of the contractor